



Health Services
LOS ANGELES COUNTY

December 8, 2009

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Mark Ridley-Thomas
Second District

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Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO THE RANCHO LOS AMIGOS
FOUNDATION CONTRACTING AND MARKETING SERVICES
AGREEMENT AND EXTENSION OF GRANT AWARD
(SUPERVISORIAL DISTRICT 4)
(3 VOTES)**

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

SUBJECT

Request approval to extend an Agreement with Rancho Los Amigos Foundation at no additional cost and extend the Grant Agreement Award.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Interim Director of Health Services, or his designee, to execute Amendment No. 2 to Agreement No. H-703366 with Rancho Los Amigos Foundation (Foundation), effective January 1, 2010, to extend the Agreement term for six months through June 30, 2010, for the continued provision of contracting and marketing services at Rancho Los Amigos National Rehabilitation Center (Rancho), at the same rates and terms of the current Agreement, with no change to the maximum obligation.
2. Delegate authority to the Interim Director of Health Services, or his designee, to enter into a six-month no-cost extension to the current L.A. Care Grant Award, effective January 1, 2010 through June 30, 2010, subject to prior approval by the Chief Executive Office, County Counsel, and written notice to your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The Agreement with the Foundation is funded by a grant from the Local Initiative Health Authority for Los Angeles County d.b.a. L.A. Care Health Plan (L.A. Care) and both the Agreement and Grant Award expire on December 31, 2009. Pursuant to the Agreement, the Foundation provides contracting and marketing expertise with the goal to increase access to care at Rancho by developing the infrastructure to accept privately insured and Medicare patients.

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Approval of the first recommendation will allow the Interim Director of Health Services to execute an Amendment, substantially similar to Exhibit I, to allow the Foundation to complete the remaining deliverables for the assessment and development of the infrastructure. Although progress continues to be made with activities scheduled through December 31, 2009, there are some outstanding tasks that will be completed during the no-cost six-month extension, including developing a long-term marketing budget and related multi-media marketing tools to enable the County to obtain additional contracts with target organizations.

Approval of the second recommendation will allow the Interim Director to sign an extension to the L.A. Care Grant Award to make it co-terminus with the Foundation Agreement.

IMPLEMENTATION OF STRATEGIC PLAN GOAL

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

There is no net County cost associated with this Amendment. The total maximum obligation of the Agreement remains at \$542,968 which is fully funded by the L.A. Care Grant Award. As of October 19, 2009, the Foundation has received the total maximum amount of \$542,968, but has only expended \$445,242. The remaining unexpended grant funds of \$97,726 will be used to complete the project through the term of the extension.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 12, 2007, your Board delegated authority to the Director Health Services, or his designee, to accept a forthcoming award from L.A. Care to increase access to care at Rancho as well as to enter and sign an agreement with the Rancho Foundation for contracting and marketing services, offset with the L.A. Care Grant Award. The agreement was entered into on January 1, 2008.

On October 16, 2007, your Board delegated authority to the Director to negotiate and execute hospital services agreements with health plans and as of December 1, 2007 Rancho entered into its first agreement with L.A. Care.

On December 2, 2008, your Board approved a 12-month extension to the Agreement, from January 1, 2009 through December 31, 2009, to allow for completion of project deliverables in accordance with the requirements of the Grant Award.

DHS has obtained verbal approval from L.A. Care's senior management team for the no-cost six month extension and use of the remaining unexpended grants funds to complete

The Honorable Board of Supervisors
December 8, 2009
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the required deliverables of the Grant Award. Written approval is forthcoming upon approval by L.A. Care's Board of Directors.

During 2009, substantial progress was made toward completion of project deliverables. Several outreach events (i.e., community education seminars and meetings for external referral sources) were conducted and are critical to re-establish Rancho's referral network presence in the Southern California market. There will be one additional outreach event to be held in June 2010. As a result of the outreach events, over ten "Meet N Greets" and tours have been completed with referral sources and health plans, and a list was generated of ten possible firms with whom DHS can enter into contracts. Currently, there are ten contracts in the negotiation process.

The Amendment includes the Board of Supervisors' recent provision – Defaulted Property Tax Reduction Program.

County Counsel has approved Exhibit I as to use and form.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended six month extension and no-cost grant extension will allow for the completion of the Rancho contracting and marketing project with the allocated grant funds from L.A. Care.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:gh

Attachment

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

DRAFT

EXHIBIT I

Contract No. H-703366-2

DEPARTMENT OF HEALTH SERVICES
CONTRACTING AND MARKETING SERVICES AGREEMENT
FOR RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER WITH
RANCHO LOS AMIGOS FOUNDATION

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this _____ day
of _____, 2009,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

RANCHO LOS AMIGOS FOUNDATION
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled
"CONTRACTING AND MARKETING SERVICES AGREEMENT", dated January
1, 2008, and further identified as County Agreement No. H-703366 (hereafter
"Agreement"); and any Amendments thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend the Agreement
to extend its term an additional six (6) months, through June 30, 2010; at no
additional cost, and

WHEREAS, said Agreement provides that changes may be made in the
form of a written amendment which is formally approved and executed by the
parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective January 1, 2010.

2. The first paragraph of Agreement Paragraph 1, TERM, shall be revised to read as follows:

“1. TERM: This Agreement shall be effective January 1, 2008 and shall continue, unless sooner terminated or canceled, in full force and effect to and including June 30, 2010.”

3. Agreement Paragraph 4, MAXIMUM OBLIGATION OF COUNTY, shall be revised as follows:

“4. MAXIMUM OBLIGATION OF COUNTY: During January 1, 2008 through June 30, 2010, the estimated expenditures of County for Contractor's performance are Five Hundred Forty-Two Thousand, Nine Hundred Sixty-Eight Dollars (\$542,968). Such maximum obligation is comprised entirely of L.A. Care funds. The sum represents the maximum obligation of County as shown in Schedule 1, attached hereto and incorporated herein by reference.”

4. Effective January 1, 2010, Exhibit A-1, Rancho Los Amigos National Rehabilitation Center, Contracting and Marketing Project, Statement of Work, January 1, 2008 through December 31, 2009, shall be deleted in its entirety and replaced by Exhibit A-2, as attached hereto and incorporated herein by reference.

5. Agreement Paragraph 16, “NOTICES” shall be re-numbered to Paragraph 18.

6. Paragraph 16, “CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM”, shall be added to Agreement as follows:

"16. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH
COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

A. Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

B. Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of the Agreement will maintain compliance, with Los Angeles Code Chapter 2.206."

7. Paragraph 17, "TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM", shall be added to Agreement as follows:

"17. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN
COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX
REDUCTION PROGRAM: Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 16 above shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206."

8. During the extended term, Contractor shall be compensated according to the same payment provisions and same rate(s) specified in Agreement.

9. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Interim Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
John F. Schunhoff, Ph.D.
Interim Director of Health Services

RANCHO LOS AMIGOS FOUNDATION
Contractor

By _____
Signature

Greg Waskul
Printed Name

Title: Executive Director
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE
COUNTY COUNSEL

Rancho Los Amigos National Rehabilitation Center
Contracting and Marketing Project
STATEMENT OF WORK
January 1, 2008 through June 30, 2010

Rancho Los Amigos Foundation will provide contracting and marketing expertise to increase access to care at Rancho Los Amigos National Rehabilitation Center.

- A. Contracting expertise will include the following:
1. Assessment and realignment of Rancho's infrastructure.
Infrastructure will be developed to accept patients from all health plans including MediCal Managed Care plans, privately insured Medicare patients. Infrastructure development will include:
 - A strategic plan
 - Market study
 - Negotiation of contract with target organizations
 - Development and provision of competencies in contracting with health plans and other organizations that pay for, or direct provision of healthcare services.
 2. Addition of new funding sources to support Rancho's overall mission.
 3. Education of Rancho staff in referral, billing, collection and discharge planning and processes as part of Consultant's recommendations for design/redesign.
- B. Marketing expertise will include the following:
1. Re-branding of Rancho services and development of collateral materials.
 2. Educational venues to showcase Rancho's rehabilitation history and rehabilitation expertise.
 3. Assist with community outreach initiatives directed towards trauma physicians, case managers, therapy directors, and other community stakeholders.
- C. County Administrators shall monitor and evaluate deliverables and time line.

PROJECT WORK PLAN

Organization's Name: **Rancho Los Amigos National Rehabilitation**

Center

Date: **October 9, 2009**

Project Name: **Increasing Access to Care at Rancho Los Amigos**

National Rehabilitation Center

Submitted by: **Robin Bayus & Aries Limbaga**

OBJECTIVE	TIMELINE	ACTIVITIES	OUTCOME	EVALUATION
Develop Contracting Plan	Targeted Completion within 90 days of Grant Release	Trend historic admissions, days, patient origin, and revenue, payer mix by Medicare, Medi-Cal Capitated, HMO, PPO and Indemnity	Written Contracting Plan with the following: Completed Preliminary Rate Proposal that exceeds hospital variable cost and that is comparable with the industry standards	A completed Rate Proposal sheet will be reviewed and signed off by Rancho CEO
		Trend the payer mix by major health plan and medical groups	Completed Targeted health plans in priority order based on market share	A completed priority list of targeted health plans signed off by Rancho CEO
Develop Marketing Plan	4/30/09	Completed Profile "competitor" programs in Southern California and compare strengths and operating statistics.		Market Profile Threat completed on 3 Major competitors for Rancho's services completed
	6/30/10	Develop marketing materials, contacts, seminars	NO COST EXTENSION Written, comprehensive marketing plan that includes the following:	
	6/30/10	Develop a long-term marketing budget	Formal Marketing Brochure with a minimum shelf life of 4 years	
	6/30/10	Development of Multi-Media Marketing Tools (IE Videos, Web based, print ads)	Development of a Community Education Calendar based on	

OBJECTIVE	TIMELINE	ACTIVITIES	OUTCOME	EVALUATION
			External Stakeholder Input	
Assessment and Recommendations of Operations	Targeted Completion within 6 Months of Start Date	Determine operational readiness for referral process, billing and collections, discharge planning, etc.	Completed Report of review of operational readiness with recommended changes where needed to improve services access, patient & referral source satisfaction.	A comprehensive written report of operational readiness and recommended action steps completed and was presented to senior Rancho leadership staff.
Establish Contracting Performance Metrics (# of Admissions, Payor Mix, Service Area Market Share Growth)		Develop reporting tool to be used for the Contracting Performance Metrics	Completed Implement contracting performance metrics reporting and evaluate performance quarterly	Tracking mechanism for reporting metrics of negotiated contracts has been established.
Implement Marketing Plan	12/31/09	Begin Community Education Seminars/Meetings for External Referral Sources, Health Plans, and Patients	Completed Implement and facilitate community tours thru Rancho, Meet N Greets with key external stakeholders, and establish external Physician referral base.	Rancho has held on April 10 th 2009, an External Stakeholder meeting, inviting key referral sources, former patients, and case managers from health plans to tour and learn about Rancho Services. Meet and Greets have been initiated with Kaiser, Healthnet and Blue Cross.

OBJECTIVE	TIMELINE	ACTIVITIES	OUTCOME	EVALUATION
Negotiate and Secure Rehabilitation Contracts	Targeted Completion within 9 Months of Start Date	Work with facility, County Counsel, DHS and CEO to finalize negotiated contracts.	Approval of at least 5 rehabilitation contracts within first year. Initial Targeted Contracting Groups as follows: Completed 1. LA Care	A written contract is finalized and signed off by both the health plan and appropriate County officials for LA Care
	6/30/10	Work with facility, County Counsel, DHS and CEO to finalize negotiated contracts.	NO COST EXTENSION Approval of at least 5 rehabilitation contracts within first year. Initial Targeted Contracting Groups as follows: 2. Community Health Plan 3. Blue Cross 4. Blue Shield 5. Aetna 6. Kaiser Permanente 7. Healthnet 8. Cigna (now includes Great West) 9. Tri-Care OR as identified by Rancho staff.	
Implement Marketing Plan Target as follows: - The major health plans in Southern California - Capitated Medical Groups in Southern California - Regional/National Plans that are not focused on California, but have members that	5/16/09	Completed Attend Annual Regional Educational Conference	Increase in Rehabilitation admissions by 10% first year (approx. 100 admissions)	On May 16 th , 2009 a Spinal Cord Injury Conference was held with over 100 professionals representing Doctors, Nurses, Therapist, and Psychologist across Central and Southern California.
	6/30/10	Plan Four Targeted Outreach Events per year	NO COST EXTENSION Complete Multi-Media & Printed marketing materials ready for distribution	

OBJECTIVE	TIMELINE	ACTIVITIES	OUTCOME	EVALUATION
require tertiary, specialized rehabilitation services				
- Workers Compensation insurance plans				
- Potential Referring physicians that may not be affiliated with large physician organizations.	10/31/09	Completed Hold Annual Stakeholder Forum from referral sources		A External Stakeholder forum was conducted in April 10, 2009 representing referring facilities, external physicians, case mangers, State Medi-Cal office, and Public Health on the programs and services of Rancho.

Schedule I

Department of Health Services
Rancho Los Amigos Foundation
Rancho Los Amigos National Rehabilitation Center
January 1, 2008-June 30, 2010

I.	<u>Consulting Fees</u>	<u>Hourly Rate</u>	<u>No. of Hours</u>	<u>Budget</u>
	Contract Consultant	*\$130-\$275	**	\$331,000
	Marketing Consultant	*\$130-\$275	**	<u>\$108,160</u>
	Total Fees			\$439,160
II.	<u>Direct Expenditures</u>			
	Staff Training and Education			\$ 27,000
	Training and Education Materials			<u>\$ 50,000</u>
	Sub-total			\$ 77,000
	Total Fee and Direct Expenditures			\$516,160
III.	<u>Administrative Overhead</u>			
	Indirect Cost (5%) (fees and expenditures)			\$ 26,808
	Total Budget			\$542,968

* Any rate in excess of the range specified above, is subject to approval by the Chief Executive Office, County Counsel and LA Care.

** To be determined